BOOK REVIEWS AND NOTICES

A Study of Industrial Fluctuation, An Enquiry into the Character and Causes of the So-called Cyclical Movements of Trade. By DENNIS HOLME ROBERTSON. London: P. S. King & Son, 1915. 8vo, pp. xiii+285. 7*s.* 6*d.*

This essay won a Trinity College (Cambridge) Fellowship in 1914. An earlier draft obtained the Cobden Club Prize.

The book (aside from the adjustment in Part II, chap. iii) is an attempt to treat the whole subject of economic cycles upon a *non-monetary* basis. In the preliminary chapter we find such remarks as "the sooner we get out of thinking in terms of money . . . . the better" (p. 4), and "the inevitable Crusoe himself must be regarded as liable to alternations of prosperity and depression" (p. 4), On p. 13 we read "I use the word price in this book as synonymous with exchange value in terms of goods in general."

Three criticisms may be made here. In the first place it certainly seems to the present reviewer that attacking the problem of economic cycles in a non-monetary economy is like tilting at windmills. In the second place, though a most interesting statistical investigation could probably be made in the relative movements of the exchange value of particular commodities upon the basis of their exchange values *in terms of index numbers*, this is not attempted. Robertson's non-monetary price never involves the statistical comparison of particular money prices with general money prices. It leads rather, in the theoretical chapters, to a subjective cost treatment—approaching in a number of instances perilously close to a straight labor-pain discussion. In the third place, notwithstanding clear and definite statements in the earlier parts of the book that the treatment is to be strictly non-monetary, we find that, though in the purely theoretical chapters such an attempt is made, in the descriptive and statistical chapters the writer either forgets his non-monetary promises or finds them impossible to fulfil.

A curious side light on this is Robertson's criticism of Aftalion and Baranowsky for "professing to dig below the mere money surface of things," but being "always prone to relapse into monetary terms" (p. 212). Aside from the purely theoretical chapters Robertson himself practically never gets out of monetary terms. After defining price on

p. 13 as synonymous with "exchange value in terms of goods in general," he starts in on p. 16 discussing cycles in the [money] price of coal and iron. This is quite typical. In the statistical chapters price means money price.

The attempt at a non-monetary treatment in the theoretical chapters gives those chapters such an atmosphere of unreality that it becomes in places extremely difficult to pass from the hypothetical to the real world. As an example the reader may examine Part II, chap. i, § 3, "Harvests—The Elasticity of Demand." Here the attempt is made to show that the stimulating or depressing effects of large crops are dependent upon "the elasticity of *effort* demand" of the consumers (p. 131).

When we realize that the whole discussion refers to conditions in "a society in which industrial policy is in the hands of co-operative groups of producers, supplying jointly the needful capital, enterprise, and labor, and exchanging their products directly [without the use of money] with one another" (p. 206), we settle down to the task of examination in much the same spirit as that in which we might tackle a problem in non-Euclidean geometry.

"The resources," says Robertson, "which the consumers of corn are prepared to expend on commodities in general (including corn) are not a fixed fund but a flow" and "a mere alteration in the ratio of exchange will not increase that flow unless it involve an increase in the productivity of effort of corn consumers in *terms of satisfaction* [Robertson's italics], in other words unless the elasticity of their demand for corn in terms of effort is greater than unity" (p. 131). If the elasticity of *effort* demand be greater than unity, measured at the point where, in the succeeding year, an amount of *effort* is put forth equal to that put forth in the preceding year, than in the succeeding year an *increased* amount of *effort* will be put forth toward the purchase of corn. But if the non-corn-producing corn consumers (the industrial class) put forth greater amount of *effort* there will be an increase in industrial production. Each class will then be both exchanging and consuming more; but this is prosperity—which Robertson defines as increased consumption (p. 125).

While the question of the exact way in which changing crop yields influence the economic cycle is one demanding much more exhaustive treatment than it has yet received, it hardly seems that a deductive analysis of subjective conditions in a hyopthetical state is the most promising approach.

Robertson's book contains, however, a multitude of extremely suggestive ideas, and no one who is interested in the problem of prosperity

and depression can afford not to read it. In the descriptive and statistical sections, where the author largely forgets his non-monetary assumptions, the book is much less unreal and metaphysical.

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The Next Step in Democracy, By R. W. SELLARS. New York: Macmillan, 1916. 8vo, pp. 275. $1.50.

The general purpose of this excellent book is to give "a clear idea of those advances in social, economic, and political life which appeal to the kindly and intelligent man of the western world as both desirable and feasible." "Cannot justice be increased among us if we take thought and be no longer satisfied with the traditionary methods of dealing with our fellow-men? Cannot freedom become less formal and legal and more a reality for the mass of workers if the spirit of co-operation be allowed to permeate and mould our economic institutions? Cannot equality pass from a mere phrase to a significant reality if it be taken to mean equality of opportunity? Such questions as these," Professor Sellars says, "are abroad in the land and the sentiments which they are fostering will gradually find expression in those practical reforms and social experiments which mark the onward movement of democracy."

This onward movement our author divides into three stages: the stage of *status*, often spoken of as primitive socialism; the stage of *individualism*, or let-aloneism, called on its political side "the police-power view of the state" and on its economic side, *laissez-faire;* and finally the stage of *socialism*, which Professor Sellars in these few words satisfactorily defines: "Socialism is a democratic movement whose purpose is the securing of an economic reorganization of society which will give the maximum possible of justice, liberty, and efficiency and whose plan is the gradual socializing of industry to the degree and extent that seem experimentally feasible." In this succinct definition four essentials are included. In the first place, socialism is a *movement*, not a fixed system, but a "slow and creative growth," an "aspiration," as Proudhom expressed it, "towards the amelioration of society." In the second place, this socialistic movement is *democratic* in character. To be sure, "our own plutocracy was founded ostensibly upon a democratic theory, but one," says Professor Sellars, "which has proven itself to be false, because too atomic and with too much stress upon fixed rights. The result has been the shamefaced growth of a vulgar type of aristocracy.